



General Assembly

**Amendment**

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LCO No. 7183

**\*SB0088107183SD0\***

Offered by:

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REP. MORIN, 28<sup>th</sup> Dist.

To: Subst. Senate Bill No. 881

File No. 113

Cal. No. 114

**"AN ACT CONCERNING THE POWERS OF THE STATE TREASURER, DIVESTMENT OF STATE FUNDS INVESTED IN COMPANIES DOING BUSINESS IN IRAN AND SUDAN, AND THE MEMBERSHIP OF THE TEACHERS' RETIREMENT BOARD AND THE CONNECTICUT STATE EMPLOYEES RETIREMENT COMMISSION."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective from passage*) In addition to the powers  
4 granted to the Treasurer by any provision of the general statutes and  
5 any public or special act, the Treasurer may appoint, as the Treasurer  
6 determines is necessary, investment personnel to carry out the  
7 provisions of chapter 32 of the general statutes. Such investment  
8 personnel shall serve at the pleasure of the Treasurer.

9 Sec. 2. Subsection (a) of section 3-13a of the general statutes is  
10 repealed and the following is substituted in lieu thereof (*Effective from*  
11 *passage*):

12 (a) The Treasurer, [shall,] with the advice and consent of the  
13 Investment Advisory Council, shall appoint a chief investment officer  
14 and may appoint a deputy chief investment officer to assist the chief  
15 investment officer, for the Connecticut retirement pension and trust  
16 funds, who shall serve at the pleasure of the Treasurer and whose  
17 compensation shall be determined by the Treasurer within [a] salary  
18 [range] ranges established by the Treasurer in consultation with the  
19 Investment Advisory Council. The provisions of section 4-40 shall not  
20 apply to the compensation of said [officer. Said] officers. The chief  
21 investment officer shall be sworn to the faithful discharge of duties  
22 under law [. Said officer] and shall, under the direction of the  
23 Treasurer and subject to the provisions of sections 3-13 to 3-13d,  
24 inclusive, and 3-31b, advise the Treasurer on investing the trust funds  
25 of the state. Said officer shall also perform such other duties as the  
26 Treasurer may direct. In addition to said [officer] officers, the  
27 Treasurer may [, with the advice and consent of the Investment  
28 Advisory Council, appoint a deputy chief investment officer, whose  
29 compensation shall be determined by the Treasurer within salary  
30 ranges established by the Treasurer in consultation with the  
31 Investment Advisory Council and that shall not be subject to the  
32 provisions of section 4-40,] appoint principal investment officers,  
33 investment officers and other personnel to assist said chief investment  
34 officer, which officers and other personnel shall serve at the pleasure of  
35 the Treasurer.

36 Sec. 3. Section 3-13g of the general statutes is repealed and the  
37 following is substituted in lieu thereof (*Effective from passage*):

38 (a) For the purposes of this section:

39 (1) "Company" means any corporation, utility, partnership, joint  
40 venture, franchisor, franchisee, trust, entity investment vehicle,  
41 financial institution or other entity or business association, including  
42 all wholly-owned subsidiaries, majority-owned subsidiaries, parent  
43 companies or affiliates of such entities or business associations that  
44 exist for the purpose of making profit;

45     (2) "Doing business in Iran" means engaging in commerce in any  
46     form in Iran, including maintaining equipment, facilities, personnel or  
47     other apparatus of business or commerce in Iran, including, but not  
48     limited to, the lease or ownership of real or personal property in Iran  
49     or engaging in any business activity with the government of Iran;

50     (3) "Invest" means the commitment of funds or other assets to a  
51     company, including, but not limited to, the ownership or control of a  
52     share or interest in the company, and the ownership or control of a  
53     bond or other debt instrument by the company;

54     (4) "Iran" means the Islamic Republic of Iran, including its  
55     government and any of its agencies, instrumentalities or political  
56     subdivisions;

57     (5) "Mineral extraction activities" include (A) activities such as  
58     exploring, extracting, processing, transporting, or wholesale selling or  
59     trading of elemental minerals or associated metal alloys or oxides  
60     (ore), including gold, copper, chromium, chromite, diamonds, iron,  
61     silver, tungsten, uranium and zinc, and (B) facilitating such activities,  
62     including providing supplies or services in support of such activities;

63     (6) "Oil-related activities" include, but are not limited to, activities  
64     such as (A) owning rights to oil blocks, (B) exporting, extracting,  
65     producing, refining, processing, exploring for, transporting, selling or  
66     trading of oil, (C) constructing, maintaining or operating a pipeline,  
67     refinery or other oil field infrastructure, and (D) facilitating such  
68     activities, including providing supplies and services in support of such  
69     activities, but does not include the selling of retail gasoline and related  
70     consumer products; and

71     (7) "Petroleum resources" means petroleum, petroleum byproducts  
72     and natural gas.

73     (b) The State Treasurer shall review the major investment [policies]  
74     holdings of the state for [purposes of ensuring that state funds are not  
75     invested in any corporation engaged in any form of business in Iran

76 which could be considered to be contrary to the foreign policy or  
77 national interests of the United States, particularly in respect to the  
78 release of all American hostages held in Iran.] the purpose of  
79 determining the extent to which state funds are invested in companies  
80 doing business in Iran. Whenever feasible and consistent with the  
81 fiduciary duties of the State Treasurer, the State Treasurer shall  
82 encourage companies in which state funds are invested and that are  
83 doing business in Iran, as identified by the United States Department  
84 of Treasury's Office of Foreign Assets Control or the State Treasurer, to  
85 act responsibly and not take actions that promote or otherwise enable  
86 Iran's development of nuclear weaponry or its support of terrorism.

87 (c) The State Treasurer (1) may divest, decide to not further invest  
88 state funds or not enter into any future investment in any company  
89 doing business in Iran; and (2) shall divest and not further invest in  
90 any security or instrument issued by Iran. In determining whether to  
91 divest state funds in accordance with the provisions of subdivision (1)  
92 of this subsection, the factors that the Treasurer shall consider shall  
93 include, but not be limited to, the following: (A) Revenues paid by  
94 such company directly to the government of Iran; (B) whether the  
95 company is doing business in Iran that involves contracts with or  
96 provision of supplies or services to (i) the government of Iran, (ii)  
97 companies in which the government of Iran has any direct or indirect  
98 equity share, (iii) consortia or projects commissioned by the  
99 government of Iran, or (iv) companies involved in consortia or projects  
100 commissioned by the government of Iran where such business  
101 involves oil-related activities, mineral extraction activities, investments  
102 that directly and significantly contribute to the development of Iran's  
103 petroleum resources or any other business activity that has been made  
104 the subject of economic sanctions imposed by the United States  
105 government; (C) whether the company has demonstrated complicity  
106 with an Iranian organization that has been identified as a terrorist  
107 organization by the United States government; (D) whether such  
108 company knowingly obstructs lawful inquiries into its operations and  
109 investments in Iran; (E) whether such company attempts to circumvent

110 any applicable sanctions of the United States; (F) the extent of any  
111 humanitarian activities undertaken by such company in Iran; (G)  
112 whether such company is authorized by the federal government of the  
113 United States to do business in Iran; and (H) any other factor that the  
114 Treasurer deems prudent. In the event that the Treasurer determines  
115 that divestment of state funds is warranted from a company in which  
116 state funds are invested due to such company doing business in Iran,  
117 the Treasurer shall give notice to such company that such funds shall  
118 be divested from such company for as long as such company does  
119 business in Iran.

120 (d) The State Treasurer shall, at least once per fiscal year, provide a  
121 report to the Investment Advisory Council on actions taken by the  
122 Treasurer pursuant to the provisions of this section.

123 (e) The provisions of this section shall no longer be effective if both  
124 of the following occur: (1) Iran is no longer designated by the United  
125 States Department of State as a country that is a state sponsor of  
126 terrorism due to said department's determination that the country  
127 repeatedly provides support for acts of international terrorism; and (2)  
128 the President of the United States certifies to the appropriate  
129 committee of Congress, pursuant to P.L. 104-172, as amended from  
130 time to time, that Iran has ceased its efforts to design, develop,  
131 manufacture or acquire a nuclear explosive device or related materials  
132 and technology.

133 Sec. 4. Subsection (a) of section 3-21e of the general statutes is  
134 repealed and the following is substituted in lieu thereof (*Effective from*  
135 *passage*):

136 (a) For the purposes of this section and subsection (a) of section 3-  
137 37:

138 (1) "Company" means any corporation, utility, partnership, joint  
139 venture, franchisor, franchisee, trust, entity investment vehicle,  
140 financial institution or [any wholly-owned subsidiary of such  
141 corporation] other entity or business association, including all wholly-

142 owned subsidiaries, majority-owned subsidiaries, parent companies or  
143 affiliates of such entities or business associations, that exist for the  
144 purpose of making profit;

145 (2) "Doing business in Sudan" means engaging in commerce in any  
146 form in Sudan, including maintaining equipment, facilities, personnel  
147 or other apparatus of business or commerce in Sudan, including, but  
148 not limited to, the lease or ownership of real or personal property in  
149 Sudan, or engaging in any business activity with the government of  
150 Sudan;

151 (3) "Invest" means the commitment of funds or other assets to a  
152 company, including, but not limited to, the ownership or control of a  
153 share or interest in the company, and the ownership or control of a  
154 bond or other debt instrument by the company; and

155 (4) "Sudan" means the Republic of Sudan, including its government,  
156 and any of its agencies, instrumentalities or political subdivisions.

157 Sec. 5. Subsection (a) of section 5-155a of the general statutes is  
158 repealed and the following is substituted in lieu thereof (*Effective July*  
159 *1, 2011*):

160 (a) The general administration and responsibility for the proper  
161 operation of the state employees retirement system is vested in a single  
162 board of trustees to be known as the Connecticut State Employees  
163 Retirement Commission. Notwithstanding the provisions of section 4-  
164 9a, the Retirement Commission shall consist of the following: (1) [Six]  
165 The Treasurer or a designee, who shall be a nonvoting ex-officio  
166 member; (2) six trustees representing employees who shall be  
167 appointed by the bargaining agents in accordance with the provisions  
168 of applicable collective bargaining agreements. The trustees  
169 representing employees shall not be members of the same bargaining  
170 unit. The trustees representing employees shall serve three-year terms;  
171 [(2)] (3) six management trustees who are members of the state  
172 employees retirement system, who shall serve three-year terms. The  
173 management trustees shall be appointed by the Governor; [(3)] (4) two

174 actuarial trustees who are enrolled actuaries and Fellows of the Society  
175 of Actuaries. One actuarial trustee shall be nominated by the  
176 management trustees and one shall be nominated by the trustees  
177 representing employees. The Governor shall appoint the actuarial  
178 trustees for three-year terms; and [(4)] (5) one neutral trustee who shall  
179 be chairman of the State Employees Retirement Commission. Such  
180 neutral trustee shall be enrolled in the National Academy of  
181 Arbitrators and shall be nominated by the employee and management  
182 trustees and appointed by the Governor. The neutral trustee shall  
183 serve a two-year term. If a vacancy occurs in the office of a trustee, the  
184 vacancy shall be filled for the unexpired term in the same manner as  
185 the office was previously filled. The trustees, with the exception of the  
186 chairman and the actuarial trustees, shall serve without compensation  
187 but shall be reimbursed in accordance with the standard travel  
188 regulations for all necessary expenses that they may incur through  
189 service on the commission. The chairman and the actuarial trustees  
190 shall be compensated at their normal and usual per diem fee, plus  
191 travel expenses, from the funds of the retirement system for each day  
192 of service to the commission. Each trustee shall, within ten days after  
193 appointment or election, take an oath of office that so far as it devolves  
194 upon the trustee, the trustee will diligently and honestly administer  
195 the affairs of the commission, and will not knowingly violate or  
196 willingly permit to be violated any of the provisions of law applicable  
197 to the state retirement system. Each trustee's term shall begin from the  
198 date the trustee takes such an oath. The trustees shall appoint a  
199 representative from among the municipalities that have accepted the  
200 provisions of part II of chapter 113, who shall serve as a municipal  
201 liaison to the commission, at the commission's pleasure and under  
202 such terms and conditions as the commission may prescribe. Each  
203 trustee shall be entitled to one vote on the commission. A majority of  
204 the commission shall constitute a quorum for the transaction of any  
205 business, the exercise of any power or the performance of any duty  
206 authorized or imposed by law. The Retirement Commission shall be  
207 within the Retirement Division of the office of the Comptroller for  
208 administrative purposes only. The Comptroller, ex officio, shall be the

209 nonvoting secretary of the commission and shall provide secretariat  
210 support to the commission.

211 Sec. 6. Section 3-16 of the general statutes is repealed and the  
212 following is substituted in lieu thereof (*Effective October 1, 2011*):

213 (a) The Treasurer is authorized, subject to the approval of the  
214 Governor, to borrow such funds, from time to time, as may be  
215 necessary, and to issue the obligations of the state therefor, signed by  
216 him or her as Treasurer, which obligations shall be binding on the state  
217 and shall be redeemed by the Treasurer whenever, in his or her  
218 opinion, there are funds in the Treasury available for such purpose or  
219 not later than two years from the date of issuance, whichever is earlier.

220 (b) The Governor shall specify, in his or her approval of temporary  
221 borrowing undertaken pursuant to subsection (a) of this section the  
222 dollar amount of such borrowing.

223 (c) Concurrently with the Governor's notice to the Treasurer of  
224 approval of such borrowing, the Governor shall provide notice of  
225 approval of such borrowing to the chairs and ranking members of the  
226 joint standing committees of the General Assembly having cognizance  
227 of matters relating to finance, revenue and bonding and  
228 appropriations.

229 Sec. 7. Subsection (c) of section 5-169 of the general statutes is  
230 repealed and the following is substituted in lieu thereof (*Effective July*  
231 *1, 2011*)

232 (c) The Governor shall appoint a board of seven physicians, each of  
233 whom is a current or retired state employee and two of whom shall be  
234 experienced in psychiatry, to serve at his pleasure as a medical  
235 examining board to determine whether each applicant for disability  
236 retirement is entitled thereto. Three of such members, one of whom  
237 shall be the elected chairman or the elected secretary of the board, shall  
238 constitute a quorum for the determination of any applicant's  
239 entitlement. The chairman or the secretary shall report the findings of



240 the board to the Retirement Commission from time to time as  
 241 requested by the commission as to the entitlement of each applicant or  
 242 the continuance of disability of members so retired. The Comptroller is  
 243 authorized to pay for stenographic and professional services as  
 244 requested and approved by the board."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	3-13a(a)
Sec. 3	<i>from passage</i>	3-13g
Sec. 4	<i>from passage</i>	3-21e(a)
Sec. 5	<i>July 1, 2011</i>	5-155a(a)
Sec. 6	<i>October 1, 2011</i>	3-16
Sec. 7	<i>July 1, 2011</i>	5-169(c)